

Mall Makeovers

Conversions are making big shopping centers into something else entirely.

By JoAnn Greco

For decades, shoppers from Philadelphia and its suburbs flocked to the Echelon Mall in Voorhees, New Jersey, but those days are gone. This once popular mall, built in 1970, has been spiraling downward ever since two of its anchor stores closed a few years ago. Vacancies dot the corridors despite a recent revamp that brightened the food court and brought the smaller tenants together into clusters.

Posters papered over the empty storefronts promise a "change." They tantalize passersby with claims of a different kind of "gathering place," one that will "unite the neighborhood." One large sign says, "The Offices are designed for modern day professionals" — presumably like the smiling young executive in the accompanying photo. Another placard shows a lovey-dovey couple and tells the reader that the Abitare Residences "are designed for people who lead healthy, active, and successful lives."

Offices and residences? At the mall? The idea would be laughable, if it didn't make so much darned sense.



"Many years ago, I went on a trip to Florida and saw a mall called Town Center, and it struck me as funny," recalls Andrew Port, AICP, town planner for Hanover, Massachusetts (pop. 14,000), about a half hour south of

Boston. "A town center is where you interact with other people, right? You don't do that at the mall," he says. "But now, I think malls actually have the potential to act as a catalyst for a return to a traditional form of human settlement."

That's why the Hanover planning board recently submitted a proposal to lower parking requirements at the 100-acre Hanover Mall, and why it's pushing for an amendment to the town's zoning law to allow an assisted living facility and perhaps even a hotel or conference center to be built on-site. The moves, says Port, would allow the mall — which recently lost a KB Toys and a Circuit City after both chains went out of business — to be more flexible and rebound more easily after difficult economic times.

Even more telling: Cities all over the U.S. are using eminent domain to assume ownership of so-called dead malls and looking at imaginative funding strategies to help get these big taxpayers back into operation while changing the role they serve in their communities.

Mount Prospect, Illinois (pop 56,000), northwest of Chicago, has promised to contribute \$25 million to a \$150 million redevelopment project that will gut the 47-year-old, Victor Gruen-designed Randhurst Mall. The money will come from projected excess revenue generated by new sales, business, hotel, and entertainment taxes raised over the next 20 years.

According to William Cooney, AICP, director of community development for the suburb, the 100-acre mixed use site will offer roughly the same amount of retail as the old mall (250,000 square feet), but it will add a new main street with a hotel, movie theater, restaurants, offices, and, eventually, some 200 apartments, situated along and around it. "This is something that the entire town is very excited about," says Cooney. "It's taking an underperforming asset and turning it into what we hope will be a new public transportation hub and a place where people can be in close proximity to a mix of uses."

Bottom line: The mall is changing, with the move to mixed use the latest in a series of refinements meant to revitalize a rapidly dying retail staple. According to the International Council of Shopping Centers, the industry trade group, of the nation's estimated 45,000 shopping centers, only about 1,200 now fit the description of what we think of as a mall — a large, enclosed suburban destination outfitted with two or three or (why not?) 10 anchors, dozens of smaller, mostly chain stores, no windows, and vast expanses of surface parking. Just one of these has opened since 2006, while hundreds have closed and about 300 or so have been converted into lifestyle centers, malls that include open-air components like plazas and upscale restaurants located in exterior buildings.

The vast majority of the remaining shopping centers are traditional strip malls and their newer incarnations, such as power centers (assemblages of category killers like Pottery Barn, Barnes and Noble, and Home Depot); neighborhood centers (anchored by a grocery store such as Whole Foods); and outlet centers.

With a still reeling economy obliging reliable mall fixtures like Ann Taylor and Starbucks to retrench, others like Steve & Barry's and Linens 'n Things to fail completely, and still others to move in and out of bankruptcy, the picture looks bleak for all but outlet centers. According to real estate research firm Reis, Inc., vacancy rates at U.S. malls climbed above seven percent in the fourth quarter of 2008, the highest since the organization began tracking the figures in 2000.

Location and land advantages

Whether it's by adding popular discounters like Target and Wal-Mart (a move previously unheard of for an enclosed mall), cutting the amount of retail, tearing off roofs and adding outdoor plazas, or simply dropping rental rates (for an average of a combined 10 percent decrease over the last two years, according to Property Portfolio & Research), mall owners and their communities are desperately reviewing these aging assets.

And they're finding two things in their favor: location and land. Covering dozens of acres of prime real estate near arterial highways and transit centers, older malls are perfectly situated for new uses, according to Ellen Dunham-Jones, associate professor and director of the architecture program at the Georgia Institute of Technology, and coauthor (with June Williamson) of *Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs*.

"They're in first-ring suburbs, so they can be better integrated into surrounding neighborhoods," she says. "It's an ironic fact of sprawl that even though they once were on the edge, they now occupy a central position because development has so outreached them." Further, the vast acreage devoted to parking can be viewed as smart land banking. The sites, with access to roads and utilities, can now be put to higher use.

The timing couldn't be better for a serious rethinking of malls. Even without the added impetus of a sagging economy — the Hanover Mall, for example, was thriving at 92 percent occupancy at the end of March — a general sense of mall malaise, a vigorous call for sustainable land use, and shifting demographics make the time seem right for a change, say the experts.

"Many would argue that we've been overly retailed for some time now," says Dunham-Jones. "The very process that kills a lot of old malls — the constant leapfrogging that leaves behind ghost boxes as newer centers with better amenities open farther out — is evidence of that."

Dunham-Jones points to the changing face of the suburbs as another contributor to the mall's downfall. "Suburbs do a great job of maximizing private space for young families," she says. "They've never done a good job of providing public space for diverse audiences. The traditional shopping mall has little appeal for people like young professionals who may work in the suburbs or for aging empty nesters who choose to live there."

New wave of shoppers



"We've realized for a while now that there's a breed of affluent shopper in this community that hasn't been served," says Joseph Coradino, president of the Philadelphia-based Pennsylvania Real Estate Investment Trust, which in 2003 added the ailing Echelon Mall to its nationwide portfolio of 38 enclosed malls. But the change didn't happen overnight. "It wasn't like a light bulb went off. We knew we wanted to right-size the mall, but we took a series of steps to get to the mixed use idea," says Coradino.

First, the trust added freestanding retail, then an office building, then some medical uses around the perimeter of the mall property. When it started talking with Wal-Mart, though, "people rose up in arms," Coradino says.

At the request of community activists, local architect Jim Baumann drew up a pedestrian-friendly village as an alternative and presented it to the trust and the township board. "When we really started thinking about a residential component, we got more and more excited about it," says Coradino of the planned 425 luxury apartments and condos now being developed by partner Dewey Companies of Wayne, Pennsylvania.

Ground was broken in January 2007, followed soon after by the demolition of the Sears and J.C. Penney buildings (two anchors, Macy's and Boscov's, remain). The mall was renamed the Voorhees Town Center, and a new outdoor plaza was built. New tenants (a Krazy City indoor theme park and The Spot, a community resource for teens) opened in the indoor mall.

This spring, the first occupants moved into the residences, and a beauty school and salon became the first tenant of the "boulevard," a landscaped street that connects the residences with the mall and is slated to host 130,000 square feet of independent retail.

"The residences will draw young professionals and empty nesters, yes, but they will also bring a real synergy to the retail," says Coradino. "If you can walk from your apartment to the mall, where else are you going to do your Christmas shopping? The same goes for the office component. We've seen a significant increase in food court business since a 175-employee ad agency moved in last September."

The township shares his optimism. Mayor Michael Mignogna has predicted the project will be the "heartbeat of the community" and estimates the 80-acre property will generate \$2.9 million annually in tax revenues.

To Tim Evans, a researcher at New Jersey Future, a smart-growth advocacy group, the move makes good planning sense, too. "Even though planners have decried enclosed malls for 20 years, compared to more recent developments in the retail world, they have some good points," Evans says. Unlike the traditional malls, power centers, he points out, are built from scratch — often in the middle of nowhere. They require shoppers to get back into their cars and drive from big box to big box.

"Enclosed malls are already here," continues Evans, "and they share the park-once capability with downtown urban shopping. So redeveloping something like the Echelon Mall in this way offers a variation on the idea of 'downtown.' It's a very creative attempt to retrofit something that had previously offered a single use."

Coradino says conversions can be popular with local people, but he cautions against viewing them as a cookie-cutter solution. "First of all," he points out, "not all enclosed malls are troubled. Second, the competitive environment, the demographics, and the retail makeup need to be considered."

What the retailers say

Other large mall operators agree. "We think all of these platforms have their place," says Les Morris, a spokesperson for the Simon Property Group in Indianapolis, whose portfolio includes 164 enclosed regional malls and 40 premium outlet centers, as well as the Mills (midrange discount centers) and a handful of lifestyle centers. The group is, however, "increasingly building apartments and condos over retail, as well as adding office space and hotels," Morris adds. "There's an ongoing element of reconfiguration with all of our malls. Not everything gets done at one time."

The same outlook prevails at Chicago-based General Growth Properties, which runs 200 malls of all stripes. A few years ago, the corporation announced that it would begin pursuing mixed use conversions for several of its properties across the country. One such project, the Cottonwood Mall in Holladay, just south of Salt Lake City, has been stalled "until market conditions improve," according to Jim Graham, senior director of public affairs.

Thus far, everything on the 57-acre site has been bulldozed except a still operating Macy's, and grading and utilities work has been completed. The new Cottonwood will

include condominiums, town houses, cottages, and single-family houses, as well as shops, cafes, and restaurants. Also planned are a specialty grocery, cinema, and office space. Parking will be structured, resulting in a much smaller footprint.

"I don't know if I'd say that we're over-retailed," says Graham, "but the general feeling is that we're in a period of transition and that retail will be a smaller percentage of the overall development in future projects."

Transition of a different sort was much in evidence in mid-April, when General Growth Properties filed for bankruptcy protection. Despite this turn of events, the company — one of the nation's largest mall operators — says additional mall closures are not expected. "GGP's Chapter 11 filing will have no impact on the day-to-day operations of our shopping centers, master planned communities, and other properties," noted Graham in a follow-up e-mail. "It will be business as usual and our restructuring efforts should be invisible to visitors." He added that certain projects, both planned and under way, have been delayed or stopped, as is the case everywhere.

Next generation malls

Lonnie Peterson, chairman of Orlando's Cuhaci & Peterson Architects, has been de-malling shopping centers for 10 years now. Three years ago, he moved his 90-person office into the Village Center, a newly built mixed use mall that's part of a 1,000-acre, transit-oriented development called Baldwin Park, built on a decommissioned military base. Now, he says, he's ready to complete his own transition by downsizing from a traditional suburban ranch house to a town house near the mall.

Peterson, who recently exhorted a regional group of ICSC members in West Florida to "develop new concepts, because that's what America is looking for," adds that sooner or later underperforming malls will have to step up to their potential to turn into something else.

Often that something else includes more than a token patch of green. When Bonestroo, an engineering and planning firm in St. Paul, Minnesota, was hired to convert Apache Plaza, an ailing shopping center in St. Anthony Village (pop. 8,000), just north of Minneapolis, the firm was intent on taking advantage of its setting.

"The mall was right next to Silver Lake, the best amenity in town," says Bonestroo principal John Shardlow, AICP. "But the lake was eutrophic and blighted. The entire site was just about 100 percent impervious surface, with not a blade of grass to be found." Now, he adds, a new lakeside park has become a community gathering place, playing host to everything from summertime concerts to weddings.

On a bigger scale, planners in Columbus, Ohio, are looking at the sizable chunk of prime real estate now occupied by a failing mall as a jumping-off point for regreening downtown. According to Vince Papsidero, AICP, the city's planning administrator, Columbus needs parkland. The plan calls for demolishing Columbus City Center — an

enclosed million-square-foot mall that's been dated since it opened in the early 1990s and that has suffered from suburban competition in recent years — and replacing it with a nine-acre commons.

"Right now, our downtown just can't support a huge retail destination," Papsidero says. "Our goal is to use this green space as an impetus for residential and office developments that will in turn reinvigorate the street life, and eventually bring in smaller scale retail."

That's exactly what happened in Lakewood, Colorado (pop. 140,000), just west of Denver, where Belmar, one of the earliest transformations of a regional mall into mixed uses, has created a leafy and quite urban center for a suburb that had no traditional downtown. The project has been up and running since 2003, but by the time it's completely built out in 2012, the site will boast nearly three times as much development as it once held, with almost half of the new building area reserved for 1,300 housing units.

Office uses and stores are scattered over the remainder of a tight grid of two dozen blocks. "We've got the largest Whole Foods Market in Colorado, as well as a theater and a gym," says Stephanie Jackson, a spokesperson for Belmar. "There's a sense of experience, of authenticity that I think people are looking for. We host festivals throughout the year, there's ice skating in the winter, wine tastings, you name it. In Colorado, people love to spend times outdoors and this just really works for us."

And so maybe the malls of America — where so many kids first sat on Santa's lap, whiled away their teenage years, shopped for their bridal finery, and, finally, returned in an unending lifecycle with their own children — will once again find themselves at the center of our lives.

"People say, 'Oh, my God! Circuit City is going out of business — what's to become of the mall?'" says Orlando architect Lonnie Peterson. "But I see this as a continuing evolution. It doesn't merit panic, but it does merit some imagination and thought."

JoAnn Greco is a writer based in Philadelphia.

[Sidebar: Hispanic Malls Are Thriving](#)

Resources

Images: Top — Even a revamped food court could not save the Echelon Mall in Voorhees, New Jersey. It's one of a number of large shopping malls across the country that are morphing into 'town centers.' Photo by JoAnn Greco. Bottom — Market conditions — and the owner's troubles — have stalled redevelopment of Cottonwood Mall just south of Salt Lake City. The renderings illustrate Duany Plater-Zyberk's design plans for mixed use development on the 57-acre site. Illustrations General Growth Properties and Duany Plater-Zyberk.

Reading: *Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs*, by Ellen Dunham-Jones and June Williamson, John Wiley & Sons, 2008.

Greyfields into Goldfields, by Lee Sobel, published in 2002 by the Congress for the New Urbanism. See www.cnu.org.

On the web: International Council of Shopping Centers: www.icsc.org.

Property Portfolio Research: www.ppr.info.

On Film: Icarus films has just released *Malls R Us*, a 28-minute documentary about the nation's enclosed malls. Learn more at www.icarusfilms.com/new2009/mall.html.